

AMENDED IN ASSEMBLY MAY 20, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2389

Introduced by Assembly Member Gaines

February 19, 2010

An act to add Section 1367.49 to the Health and Safety Code, and to add Section 10133.64 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2389, as amended, Gaines. Health care coverage: provider contracts.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits a contract between a plan or insurer and a health care provider from containing certain terms.

This bill would prohibit a contract ~~between~~ *by or on behalf of* a plan or insurer and a ~~health care facility~~ *licensed hospital, as defined, or any other licensed health care facility, as defined, owned by a licensed hospital* to provide inpatient hospital services or ambulatory care services to subscribers and enrollees of the plan or policyholders and insureds of the insurer from containing a provision that restricts the ability of the plan or insurer to furnish information to subscribers or enrollees of the plan or policyholders or insureds of the insurer concerning the cost of procedures at the *hospital or licensed health care*

facility or the quality of services ~~provided~~ performed by the *hospital or facility*. The bill would make a contractual provision inconsistent with this requirement void and unenforceable.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1367.49 is added to the Health and Safety
2 Code, to read:

3 1367.49. (a) A contract issued, amended, renewed, or delivered
4 on or after January 1, 2011, ~~between~~ *by or on behalf of* a health
5 care service plan and a ~~health care facility~~ *licensed hospital or any*
6 *other licensed health care facility owned by a licensed hospital* to
7 provide inpatient hospital services or ambulatory care services to
8 subscribers and enrollees of the plan shall not contain any provision
9 that restricts the ability of the health care service plan to furnish
10 information to subscribers or enrollees of the plan concerning the
11 cost of procedures at the *hospital or the licensed health care facility*
12 or the quality of services ~~provided~~ performed by the *hospital or*
13 *facility*.

14 (b) Any contractual provision inconsistent with this section
15 shall be void and unenforceable.

16 (c) *For purposes of this section, the following definitions apply:*

17 (1) *“Licensed hospital” has the same meaning as set forth in*
18 *Section 4028 of the Business and Professions Code.*

19 (2) *“Licensed health care facility” means any institution or*
20 *health facility, other than a long-term health care facility as defined*
21 *pursuant to Section 1418, licensed by the State Department of*
22 *Public Health to deliver or furnish health care services.*

23 (e)

24 (d) Section 1390 shall not apply for purposes of this section.

25 SEC. 2. Section 10133.64 is added to the Insurance Code, to
26 read:

27 10133.64. (a) A contract issued, amended, renewed, or
28 delivered on or after January 1, 2011, ~~between~~ *by or on behalf of*
29 a health insurer and a ~~health care facility~~ *licensed hospital or any*
30 *other licensed health care facility owned by a licensed hospital* to
31 provide inpatient hospital services or ambulatory care services to
32 policyholders and insureds of the insurer shall not contain any

1 provision that restricts the ability of the health insurer to furnish
2 information to policyholders or insureds concerning the cost of
3 procedures at the *hospital or the licensed health care facility* or
4 the quality of services provided by the *hospital or facility*.

5 (b) Any contractual provision inconsistent with this section
6 shall be void and unenforceable.

7 (c) *For purposes of this section, the following definitions apply:*

8 (1) *“Licensed hospital” has the same meaning as set forth in*
9 *Section 4028 of the Business and Professions Code.*

10 (2) *“Licensed health care facility” means any institution or*
11 *health facility, other than a long-term health care facility as defined*
12 *pursuant to Section 1418 of the Health and Safety Code, licensed*
13 *by the State Department of Public Health to deliver or furnish*
14 *health care services.*